

# Demolition / Disposition Application

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0075 (exp. 7/31/2001)

Public reporting burden for this collection of information is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required to request permission to demolish or sell all or portion of a development (i.e., dwelling units, non-dwelling property or vacant land) owned and operated by a Housing Authority. The information requested in the application is based on requirements of Section 18 of the United States Housing Act of 1937, as amended and 24 CFR Part 970. HUD will use the information to determine whether, and under what circumstances, to permit HAs to demolish or sell all or a portion of a public housing development. Responses to the collection of information are statutory and regulatory to obtain a benefit. Approval of this application does not constitute approval for funding of the demolition or disposition action. The information requested does not lend itself to confidentiality.

## Section 1: General Information

1. Name of PHA:			2. Date of Application: (mm/dd/yyyy)		
3. Address of PHA No. & Street:			City:	State:	Zip code:
4. Phone No. of PHA:	Fax No:	E:mail Address:			
5. Executive Director's Name:					
Phone No:	Fax No:	E:mail Address:			
6. Primary Contact's Name:					
Phone No:	Fax No:	E:mail Address:			

## Section 2: Long-Term Possible Impact of Proposed Action

### 1. Performance Funding Subsidy (PFS)

In FY \_\_\_\_\_, this HA received \$\_\_\_\_\_ per unit in PFS funds.

The HA realizes that after this activity takes place, PFS will decrease by \$\_\_\_\_\_ /year. (number of units proposed X subsidy per unit)

### 2. Comprehensive Grant Program (CGP)

In FY \_\_\_\_\_, this HA received \$\_\_\_\_\_ per unit in CGP funds.

The HA realizes that after this activity takes place, CGP funding will decrease approximately by \$\_\_\_\_\_ /year.

## Section 3: Board Resolution, 24 CFR Part 970.8, and Environmental Review, 24 CFR Parts 50 and 58

1. Board Resolution Number \_\_\_\_\_ 2.. Date of Board Resolution \_\_\_\_\_

Attach a copy of the Board Resolution and reference it as Section 3, line 2.

3. Who is conducting the environmental review? ☐ Field Office under 24 CFR Part 50 ☐ Responsible Entity under 24 CFR Part 58

**Please Note: Where the demolition is to be funded with HOPE VI funds, the HA is prohibited from using Part 58.**

4. Give the date(s) the HA contacted the HUD Field Office to initiate the environmental review for all the developments in the application.

5. If the environmental review is to be performed by a responsible entity, name the entity.

6. As it relates to this application for demolition/ disposition, I certify to the following:

- o that all information contained in the application is true as of the date of this application;
- o that no demolition will take place until all residents have been relocated; and
- o that the HA will comply with the requirements of the Uniform Relocation Act (URA) and the implementing regulations found at 49 CFR Part 24.

Name of Executive Director \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Provide attachments as needed. All attachments must reference the Section and line number to which they apply.

Section 3: Table I

Summary of Units to be Demolished/Disposed where more than one development is included in the application.

Development No. & Name	0 - Bdrm Units	1 - Bdrm Units	2 - Bdrm Units	3 - Bdrm Units	4 & 4+ Units	Total Units	Resident Bldg.	NonResid. Bldg.	Total Bldgs.	Acres Disposed
Totals										

**Sections 4 thru 9 must be completed for each development in the application. If more than one development is included in the application, reproduce these pages for each development and provide a summary in Section 3: Table I.**

**Development Number:**

**Section 4: Description of Property 24 CFR Part 970.8**

1. Name of the Development					2. Development Number		
3. Date of Full Availability (mm/dd/yyyy)	4. No. of Residential Buildings	5. No. of Non-Residential Buildings	6. Date Constructed (mm/dd/yyyy)		7. Is Development a Scattered Site  <input type="checkbox"/> Yes <input type="checkbox"/> No		
8. Number of Building Types Single Family Houses Duplexes			3-Plexes	4-Plexes	9. Number of Types of Structures Row House Units Walk-Up Units High Rise Units		
10. Existing Unit Distribution			Total Units Being Used for Non-Dwelling Purposes		11. Total Acres of the Development		
			Family Units	Elderly Units			
0 Bdrm							
1 Bdrm							
2 Bdrms							
3 Bdrms							
4 or more Bdrms							
Total *							

\* Enter in Section 6, line 4c.

**Section 5: Description of Proposed Action by Project 24 CFR Parts 970.8 and 970.9**

1. Type of action proposed: Check one

☐ Complete Demolition ☐ Partial Demolition ☐ Disposition Only ☐ Demolition and Disposition

2. Proposed Action By Unit Type	Units to be Demolished Only	Units to be Disposed of Only
0 Bdrm Elderly		
0 Bdrm Family		
1 Bdrm Elderly		
1 Bdrm Family		
2 Bdrms Elderly		
2 Bdrms Family		
3 Bdrms Family		
4 or more Bdrms Family		
Totals *		

\* Enter in Section 6, line 4a or b.

3. Proposed Action By Building Type	Buildings to be Demolished Only	Buildings to be Disposed of Only
Residential Buildings		
Non-Residential Buildings		
Total Buildings		

4. Acres included in Proposed Disposition

5. Site Map (provide an attachment and reference it as Section 5, line 5)

6. If this is a Disposition Application, estimate of Project Debt \$

7. If application is a **partial** demolition/disposition of the **development**, provide the address, building number(s), or name of each building to be demolished or disposed of (provide an attachment and reference it as Section 5, line 7).

8. In the case of disposition of vacant land, provide the legal description of each parcel of land (provide an attachment and reference it as Section 5, line 8).

9. If **disposition**, what is the appraised value determined by an independent appraisal?  
(include a copy of the appraisal and reference it as Section 5, line 9) \$

10. Which of the following describe the proposed disposition? (check all that apply)

A. ☐ Disposition at Fair Market Value via Public Sale B. ☐ Negotiated Sale C. ☐ Sale at Less than Fair Market Value (e.g., donation)

If B and/or C are checked, provide a justification and reference it as Section 5, line 10. (see Instructions).

11. Calculation of Net Proceeds:

Estimated Sales Price	minus	Debt	minus	Cost & Fees	equals	Estimate Net Proceeds
\$	-	\$	-	\$	=	\$

12. How will the Net Proceeds be used? (provide an attachment and reference it as Section 5, line 11)

13. When will a contract for Disposition be executed? By \_\_\_\_\_ (mm/yyyy) Or \_\_\_\_\_ (number of months) after HUD approval

14. If **Demolition**, (a) what is the estimated cost of demolition? (Include professional fees, hazardous waste removal, building and site improvement, demolition, and seeding and sodding of land. Do not include relocation costs or site improvements such as landscaping, playground, retaining walls, streets, sidewalks, etc.)

\$

(b) Indicate the source of funds: \_\_\_\_\_

15. General Timetable: The HA is to provide a brief timetable based on the number of days or weeks after approval of the application that the following major actions will occur:
- |   |  |
|---|--|
| 1. begin relocation of residents                                  | 2. complete relocation of residents          |
| 3. execution of demolition contract or disposition sales contract | 4. demolition or disposition of the property |

16. Calendar year of Demolition/Disposition if doing in one year:

17. If Demolition/Disposition is phased, provide a complete TimeTable and bedroom breakdown for each year.  
If more than four years are proposed, **provide an attachment and reference it as Section 5, line 17.**

Phase		Calendar Year of Contract		Year	of	Years
Elderly Units	No.	Family Units	No.	Totals		
0 Bdrm		0 Bdrm				
1 Bdrm		1 Bdrm				
2 Bdrms		2 Bdrms				
		3 Bdrms				
		4 or more Bdrms				

Phase		Calendar Year of Contract		Year	of	Years
Elderly Units	No.	Family Units	No.	Totals		
0 Bdrm		0 Bdrm				
1 Bdrm		1 Bdrm				
2 Bdrms		2 Bdrms				
		3 Bdrms				
		4 or more Bdrms				

Phase		Calendar Year of Contract		Year	of	Years
Elderly Units	No.	Family Units	No.	Totals		
0 Bdrm		0 Bdrm				
1 Bdrm		1 Bdrm				
2 Bdrms		2 Bdrms				
		3 Bdrms				
		4 or more Bdrms				

Phase		Calendar Year of Contract		Year	of	Years
Elderly Units	No.	Family Units	No.	Totals		
0 Bdrm		0 Bdrm				
1 Bdrm		1 Bdrm				
2 Bdrms		2 Bdrms				
		3 Bdrms				
		4 or more Bdrms				

## Section 6: Justification for Demolition and/or Disposition 24 CFR Parts 970.6 and 970.7

1. Check all that apply and **provide an attachment and reference it as Section 6, line 1** to support all applicable conditions.

### Demolition

970.6(a) In the case of demolition of all or a portion of project, the project, or portion of the project, is obsolete as to physical condition, location, or other factors, making it unusable for housing purposes **and** no reasonable program of modifications, is feasible to return the project or portion of the project to useful life. The Department generally shall not consider a program of modifications to be reasonable if the costs of such program exceed 90 percent of total development cost (TDC). Major problems indicative of obsolescence are:

- ☐ 970.6(a)(1) As to physical condition: Structural deficiencies (e.g., settlement of earth below the building caused by inadequate structural fills, faulty structural design, or settlement of floors), substantial deterioration (e.g., severe termite damage or damage caused by extreme weather conditions), or other design or site problems (e.g., severe erosion or flooding);
- ☐ 970.6(a)(2) As to location: physical deterioration of the neighborhood; change from residential to industrial or commercial development; or environmental conditions as determined by HUD environmental review in accord with part 50 or part 58 of this title, which jeopardize the suitability of the site or a portion of the site and its housing structures for residential use;
- ☐ 970.6(a)(3) Other factors which have seriously affected the marketability, usefulness, or management of the property.
- ☐ 970.6(b) In the case of demolition of only a portion of a project, the demolition will help to assure the useful life of the remaining portion of the project (e.g., to reduce project density to permit better access by emergency, fire, or rescue services).

### Disposition

970.7(a) Retention is not in the best interests of the tenants and the PHA because at least one to the following criteria is met:

- ☐ 970.7(a)(1) Developmental changes in the area surrounding the project (e.g., density, or industrial or commercial development) adversely affect the health or safety of the tenants or the feasible operation of the project by the PHA;
- ☐ 970.7(a)(2) Disposition will allow the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as lower income housing projects, and that will preserve the total amount of lower income housing stock available to the community. A PHA must be able to demonstrate to the satisfaction of HUD that the additional units are being provided in connection with the disposition of the property;
- ☐ 970.7(a)(3) There are other factors justifying disposition that HUD determines are consistent with the best interests of the tenants and the PHA and that are not inconsistent with other provisions of the Act. As an example, if the property meets any of the criteria for demolition under 970.6, it may be disposed of under this criterion (970.7(a)(3)), subject to conditions that HUD may impose (e.g., demolition to follow disposition in order to ensure abatement of a threat to safety or health).
- ☐ 970.7(b) In the case of disposition of property other than dwelling units (1) the property is determined by HUD to be excess to the needs of the project (after EIOP), or (2) the disposition of the property is incidental to, or does not interfere with, continued operation of the remaining portion of the project

## 2. Total Development Cost (TDC) Calculation

Based on HUD Notice \_\_\_\_\_

For Locality \_\_\_\_\_

If justification is based upon obsolescence of the units/buildings, complete the applicable calculation below for the unit proposed for demolition for each project.

	No. of Units	times	TDC per Unit	equals	TDC
0 - Bdrm Detached & SemiDetached		x		=	
0 - Bdrm Row Dwelling		x		=	
0 - Bdrm Walk-Up		x		=	
0 - Bdrm Elevator		x		=	
1 - Bdrm Detached & SemiDetached		x		=	
1 - Bdrm Row Dwelling		x		=	
1 - Bdrm Walk-Up		x		=	
1 - Bdrm Elevator		x		=	
2 - Bdrms Detached & SemiDetached		x		=	
2 - Bdrms Row Dwelling		x		=	
2 - Bdrms Walk-Up		x		=	
2 - Bdrms Elevator		x		=	
3 - Bdrms Detached & SemiDetached		x		=	
3 - Bdrms Row Dwelling		x		=	
3 - Bdrms Walk-Up		x		=	
3 - Bdrms Elevator		x		=	
4 - Bdrms Detached & SemiDetached		x		=	
4 - Bdrms Row Dwelling		x		=	
4 - Bdrms Walk-Up		x		=	
4 - Bdrms Elevator		x		=	
5 - Bdrms Detached & SemiDetached		x		=	
5 - Bdrms Row Dwelling		x		=	
5 - Bdrms Walk-Up		x		=	
5 - Bdrms Elevator		x		=	
6 - Bdrms Detached & SemiDetached		x		=	
6 - Bdrms Row Dwelling		x		=	
6 - Bdrms Walk-Up		x		=	
6 - Bdrms Elevator		x		=	
Total				= \$	

## 3. Estimated Cost of Rehabilitation.

**Provide an attachment showing cost breakdown and reference it as Section 6, line 3 .**

\$ \_\_\_\_\_

## 4. How many of the following units are occupied at the time of application submission?

a. Of the \_\_\_\_\_ (copy number from Section 5, line 2) units proposed for **demolition**, \_\_\_\_\_ (number) are occupied.

b. Of the \_\_\_\_\_ (copy number from Section 5, line 2) units proposed for **disposition**, \_\_\_\_\_ (number) are occupied.

c. Units **remaining** after demolition/disposition:

\_\_\_\_\_ (total existing units; copy from Section 4, line 10) minus \_\_\_\_\_ (from 4a.) minus \_\_\_\_\_ (from 4b.) = \_\_\_\_\_ remaining units.

How many of the remaining units are occupied? \_\_\_\_\_

If any occupied units are listed in a or b, complete Section 7, line 1.

## Occupancy

## 5. Occupancy Information as of the date of the application.

	Occupied Units	Units Vacant for less than 12 months	Units Vacant for 12 or more months	Total Vacant Units	Total Units Occupied and Vacant
0 - Bdrm					
1 - Bdrm					
2 - Bdrms					
3 - Bdrms					
4 - Bdrms					
5 - Bdrms					
6 - Bdrms					
Totals					

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**Section 7: Relocation 24 CFR Part 970.8**

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1. How many **individuals** will be effected by this action?
2. How will counseling and advisory services be provided? **Provide an attachment explaining and reference it as Section 7, line 2 .**
3. What housing resources are expected to be used for relocation?  
☐ Other Public Housing    ☐ Section 8    ☐ Other **(Provide an attachment explaining and reference it as Section 7, line 3 .)**
- |   | Per Unit Cost | x | No. of Units | = | Total |
|---|---------------|---|--------------|---|-------|
| 4. Estimated cost of counseling and advisory services | \$            | x |              | = |       |
| 5. Estimated cost of moving expenses                  | \$            | x |              | = |       |
| 6. Total cost of relocation expenses                  |               |   |              |   | \$    |
7. What sources of funding will be used to pay for relocation activities?  
☐ Operating Funds    ☐ Comp Grant    ☐ CIAP    ☐ HOPE VI    ☐ Other **(Provide an attachment explaining and reference it as Section 7, line 7 .)**
8. Has the HA provided residents with a **general information notice** advising them of the possible affects of proposed action?  
**Provide an attachment explaining and reference it as Section 7, line 8 .**
9. How many days in advance of actual relocation will the HA issue a **notice of eligibility** to each family to be affected by the relocation?

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**Section 8: Resident Consultation 24 CFR Parts 970.4 and 970.8**

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1. Has the HA consulted with the residents of the affected development? ☐ Yes    ☐ No  
Provide an attachment thoroughly describing the consultation process and reference it as Section 8, line 1.
2. Is there a resident organization at the affected development(s)? ☐ Yes    ☐ No  
Provide an attachment explaining consultation with the resident organization(s) at the development and reference it as Section 8, line 2.
3. Is there a HA-wide resident organization? ☐ Yes    ☐ No  
Provide an attachment explaining the consultation with the HA-wide resident organization(s) and reference it as Section 8, line 3.
4. Were any written comments received from the residents or any of the resident organizations? ☐ Yes    ☐ No  
Attach copies of the comments received and the HA's evaluation of the comments and responses to the residents' comments and reference it as section 8, line 4.

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**Section 9: Section 412 Offer of Sale 24 CFR Part 970.13**

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1. Did the HA provide an offer of sale to the resident organization(s) at the development? ☐ Yes    ☐ No  
**If "yes," provide documentation of offer and response or certification of non-response and reference it as Section 9, line 1 .**
2. If no organization existed, did the HA provide the residents an opportunity to form a resident organization? ☐ Yes    ☐ No  
**If "no," provide an explanation and reference it as Section 9, line 2 .**
3. Is the HA exercising any of the exceptions to the offer of sale requirement permitted by 24 CFR 970.13(a)(2)? ☐ Yes    ☐ No  
If "yes," which of the following exceptions apply? **Check all that apply and provide an attachment justifying the use of the exception and reference it as Section 9, line 3 .**
- ☐ 970.13(a)(2) (i) The PHA has determined that the property proposed for demolition is an imminent threat to the health and safety of residents.
- ☐ 970.13(a)(2) (ii) The local government has condemned the property proposed for demolition.
- ☐ 970.13(a)(2) (iii) A local government agency has determined and notified the PHA that units must be demolished to allow access to fire and emergency equipment.
- ☐ 970.13(a)(2) (iv) The PHA has determined that the demolition of selected portions of the development in order to reduce density is essential to ensure the long term viability of the development or the PHA (but in no case should this be used cumulatively to avoid Section 412 requirements).
- ☐ 970.13(a)(2) (v) A public body has requested to acquire vacant land that is less than two acres in order to build or expand its services (e.g., a local government wishes to use the land to build or establish a police substation).
- ☐ 970.13(a)(2) (vi) PHA seeks disposition outside the public housing program to privately finance or otherwise develop a facility to benefit low-income families (e.g., day care center, administrative building, other types of low-income housing).

## Demolition/Disposition Application Instructions

Instructions for completing the HUD-52860, Application for Demolition/Disposition. Please fill out all of the information requested. Instructions and explanations are provided for those items which may not be self-explanatory. If you have questions about how to fill out this application, please contact the Special Applications Center (SAC).

### Section 1: General Information

Item 1. Name of PHA - Please provide the full authority name, as well as the abbreviation that is preferred.

Item 2. Date of Application - The date the application was put in the mail.

Item 3. Address - Please provide a mailing address, other than a PO Box for express mail delivery.

Item 6. Primary contact - Identify the individual who was responsible for putting the application together, and is empowered to provide supplemental information, if needed.

### Section 2: Long Term Possible Impact of Proposed Action

The actions covered by this application have many financial ramifications and the action proposed can only be reversed at the discretion of the Department. Prior to deciding to embark on a program of demolition or disposition, the HA staff should have determined: (1) that no other solution is feasible e.g., a new marketing strategy, or unit conversion, etc. (2) analyzed how much it costs to operate the unit or units proposed for demolition or disposition and (3) determined how much these units represent in Comprehensive Grant Program (CGP) and operating subsidy (Performance Funding System (PFS)) funds. The HA should acknowledge that as the HA's inventory is reduced because of demolition or disposition there will be a reduction in the PFS and the CGP, if there is no replacement housing. In some cases these reductions will be phased in over a period of time. For specific information on which units (e.g., units proposed for demolition or disposition, vacant units or occupied units, etc.) are subject to a phase down in funding, see 24 CFR Part 968 and 24 CFR Part 990. The HA should also understand that after a period in time, the reduction in Federal income will reach a steady state. The purpose of requiring an estimate in the reduction of Federal funding is to show that the HA has performed an analysis and is aware that a reduction may take place.

### Section 3: Board Resolution and Environmental Review

Items 1 and 2.

A Board Resolution is required in support of the proposed activity. The Board Resolution should be dated after the last resident meeting to show the Board is aware of all resident comments concerning the application. Provide the date of the resolution and the resolution number, if the HA numbers its resolutions.

Items 3 - 6.

Please fill out the information on your actions in arranging for the review and identify who is performing the review. **Please note that where the demolition is to be funded with HOPE VI funds for either revitalization or demolition only, the HA is prohibited from using the Part 58 and therefore, the Field Office must conduct the environmental review under Part 50.**

#### Table I: Summary of Units to be Demolished/Disposed Where More Than One Development is Included in the Application.

Complete this table where the HA's application contains more than one development, as identified by its unique public housing development number, in the application. For example, if the HA is proposing to demolish or dispose of four developments, then all four developments must be identified on this table with appropriate bedroom distribution, number of buildings and acres.

**Sections 4 - 9 must be completed for each development in the application.**

### Section 4: Description of Property

The HA should be sure to describe the number of buildings, units, and total acres for the entire development as it currently exists. This is essential baseline information for the SAC.

Please note that although an application may contain multiple projects, under the current regulations, compliance with the regulations is determined on a project-by-project basis. Subsequent HUD approval and tracking is also performed at the project level.

Item 2. Development Number - Please use the HUD development number. All development numbers are at least 11 characters long. A few are up to 14 characters long for older developments. (Do not use the Major Reconstruction of Obsolete Projects number.)

Item 3. Date of Full Availability (DOFA)

Item 6. Date of Construction - applies to those developments that were acquired as part of the development process and reconstructed at the time of development. Therefore, for these acquired developments, the DOFA date is not a true indicator of the age of the developments.

Item 11. Total Acres of the Development. Give the total number of acres that currently exist in the development. The system recognizes up to two decimal places (1234.56).

### Section 5: Description of Proposed Action by Project

Item 1. Type of Action Proposed. It is possible for a HA to request approval for a demolition and disposition in one application. However, the applicant must meet the regulatory requirements for both actions. See the summary of application requirements in 24 CFR Part 970.8. For example, an appraisal is required for a disposition or a demolition/disposition application but not a demolition application. Furthermore, the HA must justify to the satisfaction of HUD its rationale for spending Federal funds, usually Comprehensive Improvement Assistance Program (CIAP) funds or CGP Funds, for the demolition of units when the property will be leaving (e.g., disposition action) the public housing inventory.

Item 3. The HA will use this item to identify residential and non-residential buildings proposed for demolition and/or disposition.

Item 4. Acres Included in Proposed Disposition. The HUD data systems track this in acres. The system recognizes up to two decimal places (1234.56).

Item 5. A site map is critical in examining partial demolition/disposition requests. Please mark clearly the units and buildings proposed for demolition or disposition on the site map. (A copy of a site map for each development must be attached to the application form.)

Item 6. Estimate of Project Debt. For a disposition application only, provide the estimate of debt for each development in the application. The SAC or the HUD Field Office has access to this information through the Chief Financial Officer (CFO), if the HA does not have the information in a letter from HUD.

Item 7. In the attachment, the HA should explain why it selected the particular units and buildings to be demolished in the case of partial demolition. For example, in the case of demolition of a section of the development, clearly explain why the HA is proposing to demolish this section rather than another. Also, note that once the partial demolition application is approved by the SAC, the HA cannot change units in the approval without HUD's approval.

Item 9. The estimated sale price must be based on an appraisal. A copy of the appraisal must be included in the application. This requirement is only for a Disposition or a Demolition/Disposition application.

Item 10. If a HA elects (B) Negotiated Sale as the method of disposition, it must specify the disposition cost as either fair market value (FMV) or (C) less than FMV. See 24 CFR Part 970.9(a) of the regulations for guidance on the justification for a negotiated sale or sale at less than fair market value. An attachment describing a sale identified as (B) or (C) is required.

Item 11. Calculation of Net Proceeds. If the HA does not know if there is still outstanding debt, contact your local HUD servicing office. The Center will update the debt amount at the time of application review.

Item 12. Use of Net Proceeds. The HA's first priority is to retire outstanding debt with the proceeds of sale. If an HA has bonded debt that cannot be forgiven, proceeds must be used to make payment on the remaining debt. Second, where the HA has proceeds after payment of debt, those proceeds must be used for the provision of housing assistance to low-income families, e.g., the modernization of another development or building low-income housing. The activities proposed should generally relate to housing services and should be approvable under the CIAP and the CGP. (See 24 CFR Part 970.9(b). Determination of net proceeds for scattered sites are calculated differently, see 24 CFR Part 970.9 (c).

The HA should provide an estimate of gross and net proceeds of sale. Specify in the attachment how the proceeds will be used if the HA anticipates remaining funds after paying the debt and/or related expenses (e.g., relocation, sales costs, etc.). Use of proceeds must be approved by the Department.

Item 14. Indicate source of funds. Identify the source(s) of funding for the demolition or disposition (e.g., modernization, vacancy reduction, etc.) and estimated amount of funds needed.

### Section 6: Justification of Demolition or Disposition

Item 1. The applicable criteria for demolition are found in 24 CFR Parts 970.6 and 970.7 for disposition. It is possible to use the demolition justification of obsolescence to support a disposition action.

The justifications that have been the most difficult for HAs to document are 24 CFR Parts 970.6 and 970.7(a)(2).

24 CFR Part 970.6 - Obsolescence. HAs that use Section 970.6(a), *"... the project, or portion other project, is obsolete as to physical condition, location, or other factors, making it unusable for housing purposes and no reasonable program of modifications, is feasible to return the project or portion of the project to useful life."*, must provide documentation for meeting both parts of the test, obsolescence **and** rehabilitation is not reasonable.

The HA must provide evidence of obsolescence. For example, a structural problem with the building (as substantiated by an engineering report), an environmental issue related to hazardous substances at the site, or since the project was built has the highway surrounded the area removing access to public transportation, or schools, or has the neighborhood changed with more commercial activity.

Items 2 & 3. In addition, to documentation of some type of obsolescence, the HA must demonstrate that rehabilitation is **not** reasonable. The applicant must demonstrate to HUD that the cost of rehabilitation compared with the cost guidelines for that development (i.e., 90 percent of TDC) is excessive or that it is unreasonable. Completing items 2 and 3 of this section will provide the HA with the TDC and the estimated cost of rehabilitation. The SAC will make the necessary cost comparison.

### 24 CFR Part 970.7 - More Efficient, More Effective Lower Income Housing

An HA using Section Part 970.7(a)(2): *"... disposition will allow the acquisition, development or rehabilitation of other properties that will be more efficiently or effectively operated as lower income housing projects, and that will preserve the total amount of lower income housing stock available to the community . . ."*, is expected to provide replacement housing for each unit that will be lost to the public housing inventory. This replacement housing may come from either the proceeds of the sale, another source or any combination of those resources. These units do not have to be public housing units but they must serve low income families in the community. This particular justification is not tied to the suspension of the one-for-one replacement requirement.

### Section 7: Relocation

Item 1. Identify total number of individual residents including children. Do not provide number of households.

If units proposed for demolition are vacant, the HA should clearly explain in the application the circumstances that led to the units being vacant, when the residents were relocated( e.g., beginning in May 1997 until July 14, 1997), the resources used, and where the residents were relocated to.

### Section 8: Resident Consultation - 24 CFR Part 970.8(e)

The regulation requires general resident consultation, however, it does not specify how the consultation should be done. The method of consultation is, therefore, at the HA's discretion. However, any consultation must be documented. This is one of two resident requirements in the regulation.

The application should document that the HA contacted the residents of the affected development and both the resident organization at the affected development (i.e., the development where the demolition or disposition is proposed), as well as the HA-wide resident organization(s). Many HAs mistakenly think that since the 24 CFR Part 970.13, the requirement for the offer of sale to the resident organization of any property proposed for demolition or disposition, is limited to the resident organization at the development, general resident consultation is likewise limited. Not true.

If prior to submission of the application the residents at the development were temporarily moved for modernization and the HA later decided to demolish or sell the property, the HA must go back to the residents and conduct consultation over the proposed action.

### Section 9: Section 412 Offer of Sale (Note 1)

This is the second resident requirement in the regulation. HAs are required to offer the property (i.e., land, units and nondwelling space) proposed for demolition or disposition to resident organization at the affected development. However, the regulation does allow for exceptions to this opportunity to offer.

Item 3. The HA should review the list of six exceptions, identified in 24 CFR Part 970.13(a)(2), to determine if the requirement to make an offer to the resident organization is applicable. HAs are required to provide documentation e.g., if the property has been condemned by the city, a copy of the condemnation order, etc.), in order to claim any of the exceptions.

An application submitted to the Department should include one of the following:

- (a) where there is a resident organization, a copy of the letter to the resident organization and the resident organization's letter of negative response.
- (b) where there is no resident organization at the development, a certification from the Executive Director or Board that there is no resident organization, including evidence that the residents were given an opportunity to form (45 days) an organization for the expressed purpose of purchasing the property and expressed no interest.
- (c) an explanation of why the proposed demolition or disposition action should be exempt from the Section 412 requirements (see Section 24 CFR Part 970.13(a)(2), including evidence to justify the use of the exemption, as required in the regulation.
- (d) a certification from the Executive Director or Board stating that the resident organization at the development was contacted and the 30-day time frame expired without response from the organization.

**Note 1:** This requirement is often referred to as the 412 requirement, because it was established by Section 412 of the Cranston-Gonzalez National Affordable Housing Act of 1990.